



August 5, 2004

VIA EMAIL

Ms. Jennifer J. Johnson, Secretary,
Board of Governors of the
Federal Reserve System
20th Street & Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. R-1197

Re: Regulation DD / Truth in Savings – Proposed Rule to address concerns about the uniformity and adequacy of information provided to consumers when they overdraw their accounts.

Dear Ms. Johnson:

As a provider of “overdraft protection services” for our transaction account customers, South Carolina Bank and Trust of the Piedmont [SCBT PIEDMONT] offers the following information relative to the proposed rule amendments to Regulation DD / Truth in Savings.

Disclosures Concerning Overdraft Fees:

Periodic Statements: SCBT PIEDMONT currently provides notice to customers each time their overdraft protection feature has been tapped to pay an NSF item; the notice includes the amount of the NSF item and the fee amount. The fee charged is the bank’s normal overdraft/NSF fee disclosed in the account opening fee brochure with appropriate notice provided as per Regulation DD requirements if/when the fee amount is changed. Our periodic statements also currently include daily line item fee totals and customers receive a letter if their account experiences a specific number of overdraft/NSF items within a calendar year. The letter advises of the total fees incurred at that point and includes an education piece to assist the customer in understanding how the overdraft protection service works in hopes this will enable them to better manage their account and avoid unnecessary fees. SCBT PIEDMONT believes the current periodic statement

disclosure of daily fee totals is more meaningful than a single line item of statement period fee totals in that two or more days of fees may bring home the information in our education pieces on how to use this service to avoid unnecessary fees. Additionally, SCBT PIEDMONT has discussed the proposed changes to periodic statements [line item fee totals for statement period and calendar year to date] with our system vendor; this change would require extensive reprogramming – a cost that would most certainly be passed along to customers through fee/service charge increases. In summary, SCBT PIEDMONT does not feel this change to the periodic statement is necessary given our current processes and that the fee for performing this will eventually be passed along to customers.

Account Opening Disclosures: Currently SCBT PIEDMONT's fee brochure provided at account opening indicates that overdraft/NSF fees apply to any 'non-sufficient fund item.' All customers who qualify for the overdraft protection service receive an information document stating which types of transactions could be subject to overdraft fees. To provide this information as part of the initial account opening disclosure may be confusing since customers may or may not end up with the overdraft protection service. The overdraft protection feature cannot be accessed via automated teller machines but can be used for other electronic fund transfers such as point-of-sale purchases and ACH entries. As with the periodic statement concern, making this change to TISA account opening disclosures would require extensive reprogramming increasing bank cost which would eventually translate to increased customer fees and adding important information that would probably never be seen/read to an already overburdened document. SCBT PIEDMONT would prefer to maintain our current practice of providing this information with the overdraft protection service information separately at the time the service/feature is added to the account to reduce possible customer confusion, keep bank costs to a minimum and ensure existing customers as well as new customers receive this important information.

Additional Protections for Accounts with Certain Overdraft Protection Services:

Additional Advertising Disclosures: SCBT PIEDMONT generally has no problem with providing accurate advertising information but would remind the Board that additions such as the fee amount for payment of each overdraft item may also necessitate additional information if that fee is scheduled to change within a short period. Providing the transactions covered may also necessitate additional information if customers do not understand point-of-sale or ACH. If a customer does receive the overdraft protection service, the circumstances under which SCBT PIEDMONT would not pay an overdraft include their not being in good standing in that their account has not been returned to a positive balance within the required timeframe. SCBT PIEDMONT provides this information verbally and via information documents during the account opening process along with information documents provided once the customer qualifies. SCBT PIEDMONT does not believe that print advertising lends itself to these details and would suggest any advertisement for overdraft protection services include a 'footer' advising readers to call or come by their local branch for specific details.

Prohibiting Misleading Advertising: SCBT PIEDMONT's advertising of our overdraft protection service does not represent this feature as a "line of credit", that all transactions will be honored or that negative balances may be maintained for an indefinite period. Further, although SCBT PIEDMONT does not describe our current overdraft protection service as protection against bounced checks only, SCBT PIEDMONT would request Board guidance on how best to communicate the other situations, which may permit customers to overdraw their accounts under the overdraft protection service within an advertisement beyond advising readers to call or come by their local branch for specific details. With respect to advertising a 'free' or 'no cost' account along with a service for which there is a fee. The overdraft protection service is not added to SCBT PIEDMONT customer accounts at account opening; the feature is explained at account opening during which time a customer can refuse the service. If not refused at account opening and the account qualifies, the service is added at the end of a 30-day waiting period. There is no fee for this service beyond the normal overdraft/NSF fee assessed against each paid item. The cost associated with the overdraft/NSF item is incurred as a result of the customer instituting the transaction without sufficient funds; this is explained at account opening [verbally and via written information] and again via written information when the service is added. SCBT PIEDMONT believes sufficient information is provided to avoid customer confusion in this regard and would request specific Board guidance on how to comply on this point if implemented.

South Carolina Bank and Trust appreciates the opportunity to comment on these potential rule changes to Regulation DD/Truth in Savings. If additional information is needed or there are questions about any of the information in this letter, please contact Gary Hood, Executive Vice President.

Sincerely,

Gary Hood

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